

# **RHODE ISLAND COMMERCE CORPORATION**

## **MEETING OF INVESTMENT COMMITTEE PUBLIC SESSION**

**The Investment Committee of the Rhode Island Commerce Corporation (the “Corporation”) met on June 22, 2016, in Public Session, beginning at 8:00 a.m. at the offices of the Corporation, located at 315 Iron Horse Way, Suite 101, Providence, RI 02908, pursuant to the public notice of meeting as required by applicable Rhode Island law.**

**The following Directors were present and participated throughout the meeting as indicated: Michael McNally and Bernard V. Buonanno III.**

**Directors absent were: Vanessa Toledo-Vickers.**

**Also present were: Stefan Pryor, Secretary of Commerce, Darin Early, Luke Pickett and Thomas Carlotto.**

### **1. CALL TO ORDER**

**Mr. McNally called the meeting to order at 8:02 a.m. indicating that a quorum was present.**

**2. TO CONSIDER THE APPLICATION OF D'AMBRA WARWICK HOTEL, LLC FOR INCENTIVES UNDER THE TAX INCREMENT FINANCING PROGRAM AND THE REBUILD RHODE ISLAND TAX CREDIT PROGRAM.**

**Mr. Pickett detailed the project under consideration, which is a 120 room Hyatt Place hotel adjacent to the "Interlink" at TF Green Airport in Warwick. He explained that it is the conversion of an industrial use to an airport compatible use and the first phase of an expected large planned development.**

**Mr. Pickett noted that it is a \$24 million project and the applicant is seeking a TIF incentive to enable the repayment of loans in the principal sum of \$3.5 million as well as a Rebuild tax credit of \$1.5 million and a sales tax exemption.**

**Mr. Pickett explained that the TIF incentive would be dedicated to the repayment of two loans, one being advanced by the first mortgage lender and the other coming from a private source. He indicated that the TIF incentive was for a maximum term of twenty years but it was anticipated that the tax revenue from the TIF would support an earlier retirement of**

**these loans.**

**He also discussed the repayment of the Rebuild tax credit amount, which is anticipated to occur between year 6 and 14 with the Corporation receiving full repayment of the redemption amount (90% of the face amount of the tax credits).**

**Mr. Pickett indicated that the Project is to be managed by the Waterford Group out of Waterford, Connecticut. The Waterford Group has extensive experience managing hotels and has market experience in Warwick.**

**Mr. McNally inquired about the master plan for the site. Mr. Pickett discussed the future plan, which would be for an additional 500,000 square feet of office and retail.**

**Mr. McNally asked what was on the site presently and Mr. D'Ambra indicated that the larger site contained an asphalt plant that is no longer operating.**

**There was a dialogue between Secretary Pryor and Mr. Pickett highlighting the financial aspects of the incentives being proposed.**

**Mr. McNally asked about the "but for" test and Mr. Pickett explained that the project would have an IRR of ten, which is below the market rate needed to support this type**

of development based upon various third-party indicators.

Mr. Buonanno highlighted the fact that the Interlink has not been perceived as successful and asked how Mr. D'Ambra views the site and its prospects. Mr. D'Ambra explained that his company negotiated for direct access to the parking garage and they will be looking to airport traffic as one of its primary source of users.

Mr. Buonanno asked about the competitive environment in the hotel market near the airport. Mr.

Pickett indicated that airport traffic has been essentially flat but it is expected that the market can support the additional capacity.

Mr. Buonanno inquired if there were any third-party studies undertaken to confirm the ability for the market to absorb the additional rooms. Mr. D'Ambra responded that the Pinnacle Group had done a feasibility study that the market will be able to absorb the new capacity at the proposed rates.

Upon motion duly made by Mr. Buonanno and seconded Mr. McNally, the following vote was unanimously adopted:

**VOTED:** To enter into Executive Session pursuant to RIGL 42-46-5(a)(7) to consider incentives

**for D'Ambra Warwick Hotel.**

**The Committee and staff entered into Executive session at 8:18 a.m.**

**The Committee and staff**

**returned to Public session at 8:52 a.m.**

**Upon motion duly made by Mr. Buonanno and seconded by Mr. McNally, the following vote was**

**unanimously adopted:**

**VOTED: To seal the minutes of the Executive Session.**

**Upon motion duly made by Mr. Buonanno and seconded Mr. McNally, the following**

**vote was unanimously adopted:**

**D:**

**D: To recommend for approval to the Board incentives under the Tax Increment**

**Financing Program and Rebuild Tax Credit Program for D'Ambra Warwick Hotel, LLC subject to removal**

**of the asphalt plant at the site and repayment of 90% of the face value of the Rebuild Rhode Island**

**Tax Credits at the end of year sixteen from the project being placed in service.**

**Vote to Adjourn.**

**There being no further business in Public Session, the meeting of the Investment Committee was adjourned by unanimous consent at 8:56 a.m., upon motion made by Mr. Buonanno and seconded by Mr. McNally.**

**Thomas Carlotto, Secretary**